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II

110TH CONGRESS
2D SESSION

S. 3318

To amend title XVIII of the Social Security Act to provide for recognition of equality of physician work in all geographic areas and revisions to the practice expense geographic adjustment under the Medicare physician fee schedule.

IN THE SENATE OF THE UNITED STATES

JULY 23, 2008

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to provide for recognition of equality of physician work in all geographic areas and revisions to the practice expense geographic adjustment under the Medicare physician fee schedule.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Medicare Physician
5 Payment Equity Act of 2008".

1 **SEC. 2. RECOGNITION OF EQUALITY OF PHYSICIAN WORK**
 2 **IN ALL GEOGRAPHIC AREAS UNDER THE**
 3 **MEDICARE PHYSICIAN FEE SCHEDULE.**

4 Section 1848(e)(1) of the Social Security Act (42
 5 U.S.C. 1395w-4(e)(1)) is amended—

6 (1) in subparagraph (A), in the matter pre-
 7 ceeding clause (i), by striking “subparagraphs (B)”
 8 through “the Secretary” and inserting “the suc-
 9 ceeding provisions of this paragraph, the Secretary”;
 10 and

11 (2) by inserting after subparagraph (E) the fol-
 12 lowing new subparagraph:

13 “(F) RECOGNITION OF EQUALITY OF PHY-
 14 SICIAN WORK IN ALL GEOGRAPHIC AREAS.—In
 15 recognition of the fact that the physician work
 16 for a service is the same in all geographic areas,
 17 and should be similarly valued under this title,
 18 for services furnished on or after January 1,
 19 2010, the geographic index for physician work
 20 under subparagraph (A)(iii) shall be 1.0 in all
 21 fee schedule areas.”.

22 **SEC. 3. REVISIONS TO THE PRACTICE EXPENSE GEO-**
 23 **GRAPHIC ADJUSTMENT UNDER THE MEDI-**
 24 **CARE PHYSICIAN FEE SCHEDULE.**

25 (a) **ESTABLISHMENT OF FLOOR.**—Section
 26 1848(e)(1) of the Social Security Act (42 U.S.C. 1395w-

1 4(e)(1)) is amended by adding at the end the following
2 new subparagraph:

3 “(H) FLOOR AT 1.0 ON PRACTICE EXPENSE
4 GEOGRAPHIC INDEX.—After calculating the
5 practice expense geographic index in subpara-
6 graph (A)(i), for purposes of payment for serv-
7 ices furnished in 2009, the Secretary shall in-
8 crease the practice expense geographic index to
9 1.0 for any locality for which such practice ex-
10 pense geographic index is less than 1.0.”.

11 (b) MORE APPROPRIATE RECOGNITION OF PRACTICE
12 EXPENSE DIFFERENCES IN EMPLOYEE WAGES AND OF-
13 FICE RENTS AMONG GEOGRAPHIC AREAS.—Section
14 1848(e)(1) of the Social Security Act (42 U.S.C. 1395w-
15 4(e)(1)), as amended by subsection (a), is amended by
16 adding at the end the following new subparagraph:

17 “(I) MORE APPROPRIATE RECOGNITION OF
18 DIFFERENCES IN EMPLOYEE WAGES AND OF-
19 FICE RENTS AMONG AREAS.—

20 “(i) IN GENERAL.—In recognition of
21 the limitations on available data (as de-
22 scribed in clause (ii)) for use as the em-
23 ployee wage and office rent proxies in the
24 practice expense geographic index de-
25 scribed in subparagraph (A)(i), and in

1 order to more appropriately reflect dif-
2 ferences among different fee schedule
3 areas, for services furnished on or after
4 January 1, 2010, such practice expense ge-
5 ographic index shall be an index which re-
6 flects $\frac{1}{2}$ of the difference between the rel-
7 ative costs of employee wages and rents in
8 each of the different fee schedule areas
9 and the national average of such employee
10 wages and rents.

11 “(ii) LIMITATIONS ON AVAILABLE
12 DATA.—The limitations on available data
13 described in this clause are the following:

14 “(I) The need to use proxy data
15 to reflect differences in employee
16 wages and rents among areas.

17 “(II) Wages for some categories
18 of employees being determined in na-
19 tional markets.

20 “(III) Physicians having to com-
21 pete for some employees in market
22 areas that cross fee schedule areas.

23 “(IV) Physicians in rural areas
24 frequently having to locate their of-

- 1 fices close to urban areas and com-
- 2 peting with urban rent markets.".

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